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**Capital Budget Committee**

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**SB 5452**

**Brief Description:** Increasing the debt limit of the housing finance commission.

**Sponsors:** Senators Kauffman, Kohl-Welles, Tom, Delvin, Kline, Honeyford, Kilmer, Jarrett, McCaslin, Fraser, Prentice, Shin and McDermott.

**Brief Summary of Bill**

- Increases the Housing Finance Commission's debt limit from \$5 billion to \$7 billion.

**Hearing Date:** 3/9/09

**Staff:** Nona Snell (786-7153)

**Background:**

The Housing Finance Commission (HFC) was created by the Legislature in 1983. The HFC, however, is not a state agency, does not receive or lend state funds, and its debt is not backed by the full faith and credit of the state.

The HFC acts as a conduit of federal financing for housing, nonprofit facilities, and beginning farmers and ranchers. It issues both tax-exempt and taxable bonds to provide below market-rate financing to nonprofit and for-profit housing developers who set aside a certain percentage of their units for low-income individuals and families. The HFC also issues tax-exempt bonds to provide below market-rate financing for non-housing nonprofit facilities and for beginning farmers and ranchers.

As of January 30, 2009, the HFC has financed more than 61,291 affordable housing units, including over 19,404 affordable elderly units/beds. They have provided over 40,621 loans for home ownership and financed 139 nonprofit facilities throughout the state. Eight loans have been provided to beginning farmers and ranchers.

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When created in 1983, the HFC's statutory debt limit was \$1 billion. The debt limit is the total amount of debt the HFC is authorized to have outstanding at any one time. The debt limit was raised to \$2 billion in 1985, to \$3 billion in 1999, to \$4.5 billion in 2006, and to \$5 billion in 2008. As of December 2008, the HFC's outstanding debt is approximately \$4 billion.

**Summary of Bill:**

The Housing Finance Commission's debt limit is raised to \$7 billion.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.